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## China

## Livestock

## Annual Report

## 2002

## U.S. Embassy

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**Report Highlights:** Growing domestic demand, lower tariffs and low world prices will push beef imports up sharply in 2002 and 2003. Swine industry growth will slow over the next year as production has outstripped demand, but some relief will come from good export growth to the newly opened Russian market.

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Includes PSD changes: Yes  
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**Summary**

The cattle industry in China in 2002 and 2003 will continue to see good prices and strong demand in line with a strong economy and a gradual switch from pork consumption to beef. However, poor genetics and limited land resources restrict production growth. This along with lower tariffs and low world prices will allow sharp increases in beef imports in 2002 that will be maintained in 2003. Strong demand will also lead to smaller yet significant increases in 2002 and 2003 offal imports.

Pork production appears to have outstripped relatively weak pork demand in China. This should lead to a slow down in inventory growth and flat growth in pork production in 2003. Overall consumption of pork is growing more slowly than in the 1990's as the market matures and other meats gain popularity. Weak domestic demand combined with some quarantine restrictions will keep 2002 and 2003 pork imports flat. As in the past, imports will be predominantly offal.

Although still restricted from exporting to most markets because of animal health and food safety concerns, China is having considerable success in the newly opened Russian market. Exports in 2002 and 2003 will be nearly triple levels of 2000 although still well less than 1 percent of total production.

## Cattle and Beef

### Production

For the first time in over twenty years official Chinese statistics at the beginning of this year showed a slight year on year drop in the cattle inventory. This is consistent with a slowing of growth in recent years. Fewer and fewer animals are being used for draft animals. Dairy cattle numbers are increasing very rapidly but not enough to compensate for the decreased draft numbers. At the same time the growth in animals used purely for meat is slow. The pace of growth in slaughter and meat production is also dropping. This sluggish expansion in the cattle and beef sector should continue through next year and beyond..

China has two main constraints that are hindering the cattle sector. First Chinese cattle lag well behind other countries in their genetics. The draft breeds still dominate Chinese cattle and it is taking a good deal of time to improve the national herd. Improving the dairy herd appears to be progressing relatively well. A whole range of government, quasi-governmental and private companies are becoming heavily involved in importing genetics and selective breeding. However, the pace of beef cattle improvement is much slower. The major importer for beef cattle genetics is the Government and funding constraints and inexperience have so far led to relatively low quality imports.

The second fundamentally more difficult problem to address for China is limits on the amount of forage and fodder available for cattle. The opportunity cost for feed and fodder is much greater in China than it is in the United States, Australia and other major cattle producing countries where human populations are less dense. For example per capita arable land in the United States is roughly 6 times that of China.

With tariffs coming down, these constraints make it difficult for the Chinese industry to compete with imports. There is a limited range of dairy products involving fluid milk, where a local industry is economically justified. This explains the rapid growth in dairy cattle numbers, and the relatively good progress in dairy genetics. Still, the Chinese dairy market remains attractive for imports particularly for powdered milk. However, the economic justification for improved beef cattle is less compelling. The growing demand for hamburger and low quality beef can be met from dairy and the unimproved Chinese breeds. For the higher quality meat that comes from highly improved cattle, the economics appear to tip more toward imports.

Cattle production tends to be more dynamic in the northern temperate areas of China where forage is more abundant and disease problems less pronounced than in the subtropical south.

### Consumption

Demand for beef is growing steadily in China. This corresponds to an increase in incomes, which is prompting overall increases in meat demand and a move toward more diversity in meats consumed. Pork's share of consumption is declining as beef, mutton, and poultry meat consumption is increasing. This trend should continue for next year and beyond.

As noted before, a good deal of consumption growth is coming from new demand from fast food restaurants. However this still only accounts for a small portion of total beef demand. Other more upscale Western-style restaurants are appearing, but their popularity is growing relatively slowly. The demand for steaks or roast eaten in the western style is still minuscule considering the size of the market.

The most promise for future growth in Chinese beef demand still lies with traditional Chinese dishes. Among these, the most important is Chinese "hot pot". This is a dish popular throughout the country particularly during the winter. Diners cook raw meat, seafood and vegetables in pot of boiling water at the table. Strips of beef, usually with plenty of fat, are particularly important for this dish. Cuts boiled or fried in other traditional dishes are still popular, and with rising incomes more and more accessible to the average Chinese consumer.

Offal cuts are also very popular in Chinese cuisine and growth in their consumption will continue in coming years. Stomach, tendons, even bone marrow, are all doing well, and should continue to do so for the foreseeable future. In northeast China, one particularly successful chain of Chinese restaurants focuses on beef offal and boiled beef. Customers are given plastic gloves to handle the tendons and bones, and straws to suck the marrow out.

As demand for beef is increasing in quantity terms with rising incomes, it also appears to be increasing in quality terms. Particularly for the "hot pot" strips, consumers are seeking more tender, better-marbled beef.

### Prices

With consumption growing steadily and production constrained, prices are rising steadily. They are 10 to 20 percent above levels of two years ago despite slight deflation in the overall economy.

With a continued robust Chinese economy driving demand, production can be expected to lag and keep prices firm to higher next year and afterwards.

### Trade

With demand strong and production lagging, beef imports have continued to increase in recent years. However, the pace of growth has quickened in 2002. According to official numbers the total volume of imports for beef muscle meat in the first 6 months of 2002 already exceeds total imports for 2001. The Chinese figures are suspect at times due to under-invoicing and smuggling. However, U.S. data tend to confirm these numbers. The hottest meat cuts are the lower quality cuts (e.g. chuck roll, short plate) which are attractive for Chinese "hot pot". However traders also report good growth for some of the high-end cuts. A drop in the tariff from 39 to 25 percent this year can in part explain the jump in imports this year. This not only lowered imports' final price, it probably also resulted in more trade showing up in statistics as the incentive to smuggle has decreased. Lower world prices have probably helped boost imports as well.

Since import volumes still constitute a small portion of total Chinese beef consumption the path of their growth is hard to precisely predict. However, the demand definitely appears to be in

place to see imports at or above this year's level in 2003. A further reduction in the tariff to 18.6 percent in 2003 and to 12 percent in 2004 should also help. Only an external event like substantially higher international prices would change this. It seems very unlikely that domestic suppliers will be able to supplant imported beef muscle meat supplies in the foreseeable future, because, as noted before domestic volume and quality are lagging demand.

According to Chinese statistics beef offal imports are also showing strong growth in 2002 although not as rapid as muscle meat. Still, offal imports remain far greater than muscle meat imports. Offal imports also saw a tariff drop this year but only from 19 to 15.2 percent. Overall strong demand for both beef meat and offal is leading the increase that should continue in 2003.

U.S. export statistics to China and Hong Kong (most of which ends up on the mainland) indicate that 2002 is a watershed year. U.S. beef offal exports fell while muscle meat exports grew strongly, and for the first time ever it appears that the amount of U.S. muscle meat exports to China will exceed the amount of offal exports. Given that tariffs on meat and offal will continue to converge and China's ability to domestically produce higher quality meat is so constrained, this trend should continue through the foreseeable future.

Chinese statistics inflate U.S. offal exports. This is because a great deal of offal comes into China represented as U.S. product in order to avoid quarantine restrictions on European and South American countries. More recently traders have complained this fraud is now spreading to higher-quality muscle meat. Here the fake product represented as U.S. product is as often as not domestic product of considerably less quality. Fakes thrive because higher-quality meat is a relatively new commodity for China, and many people in the supply chain are not able to discern differences in quality. Sometimes as well, restaurants and retailers are complicit in the fraud. The potential damage to U.S. sales is of course serious. Some importers feel that with time the suppliers and consumers will become more discerning and the fakes will gradually disappear. However this could take some time. Training programs to help the industry better police for fakes seem in order, as does continued pressure on Chinese officials to stop fakes.

A recent agreement between China and Brazil to improve access to each other's markets will likely affect the beef trade. It appears that it will still be several months at least China will allow Brazilian beef legally, but traders report that Brazilian quality is good and prices competitive. For offal this may just mean that a large part of the currently illegal trade is legitimized. However, traders also felt that Brazilian beef muscle meat could cut into U.S. share particularly for short plate used for Chinese hot pot.

Chinese beef exports will be down significantly in 2002 and likely in 2003. A weak Hong Kong economy and food safety concerns with Chinese meats are reducing demand in other countries.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Total Cattle Beg. Stks	128663	128663	130310	128242	131627	127500
Dairy Cows Beg. Stocks	5200	4890	6200	5662	0	6500
Beef Cows Beg. Stocks	60000	58000	60000	57000	0	55000
Production (Calf Crop)	44301	41717	45564	41805	0	42550
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	3	3	3	0	0
TOTAL Imports	3	3	3	3	0	0
TOTAL SUPPLY	172967	170383	175877	170050	131627	170050
Intra EC Exports	0	0	0	0	0	0
Other Exports	57	57	50	50	0	50
TOTAL Exports	57	57	50	50	0	50
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	41700	41184	43700	42000	0	43000
Total Slaughter	41700	41184	43700	42000	0	43000
Loss	900	900	500	500	0	500
Ending Inventories	130310	128242	131627	127500	0	126500
TOTAL DISTRIBUTION	172967	170383	175877	170050	0	170050
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	China, Peoples Republic of					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Slaughter (Reference)	41700	41184	43700	42000	0	43000
Beginning Stocks	0	0	0	0	0	0
Production	5600	5488	5880	5600	0	5700
Intra EC Imports	0	0	0	0	0	0
Other Imports	18	18	18	26	0	28
TOTAL Imports	18	18	18	26	0	28
TOTAL SUPPLY	5618	5506	5898	5626	0	5728
Intra EC Exports	0	0	0	0	0	0
Other Exports	60	60	56	50	0	50
TOTAL Exports	60	60	56	50	0	50
Human Dom. Consumption	5558	5446	5842	5576	0	5678
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	5558	5446	5842	5576	0	5678
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	5618	5506	5898	5626	0	5728
Calendar Yr. Imp. from U.S.	6	6	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

China's Beef Imports by Origin (Metric Tons)				
SOURCE	1999	2000	2001	2002
				(Thru June)
United States	1,426	3,067	1,848	3,146
Australia	2,703	2,627	1,802	951
New Zealand	274	487	114	134
Others	151	172	4	48
TOTAL	4,554	6,353	3,768	4,279
Source: China Customs HS Codes: 0201.1000, 0201.2000, 0201.3000, 2002.1000, 2002.2000 and 2002.3000 (f:\shared\lotus\lvstk\fcfbfim.wk4)				

China's Beef Offal Imports by Origin (Metric Tons on Production Base)				
SOURCE	1999	2000	2001	2002
				(Thru June)
United States	10,505	10,362	19,528	18,584
Canada	2,154	1,138	3,252	2,715
New Zealand	2,168	9,506	2,824	489
Australia	2,410	9,385	5,672	441
Others	2,368	1,528	1,092	0
TOTAL	19,605	31,919	32,368	22,229
Source: China Customs HS Codes: 0206.1000, 0206.2100, 0206.2200 and 0206.2900 (f:\shared\lotus\lvstk\bfoffal.wk4)				



China's Fresh, Chilled and Frozen Beef Exports by Destination				
(Metric Tons)				
DESTINATION	1999	2000	2001	2002
				(Thru June)
Hong Kong	8,571	10,521	11,062	4,007
Russia	6,124	1,464	658	787
Kuwait	0	24	767	354
Egypt	0	296	6,176	298
Korea, DPR	232	338	456	61
Macau	75	60	50	17
Palestine	1,979	960	390	0
Israel	1,436	1,790	429	0
Japan	22	79	0	0
Saudi Arabia	50	564	481	0
Others	672	1,039	963	352
TOTAL	19,161	17,135	21,432	5,876
Source: China Customs				
HS Codes: 0201.1000, 0201.2000, 0201.3000, 0202.1000, 0202.2000 and 0202.3000				
(f:\shared\lotus\lvstk\cattlebf\fcfbfex.wk4)				

U.S. EXPORTS OF BEEF & BEEF OFFAL TO CHINA ( U.S. Customs Data)			
December (preceding year)- November, Metric Tons			
	2000	2001	2002
BEEF			(Dec- June)
China	3,370	3,539	3,328
Hong Kong	12,606	12,206	8,389
TOTAL	15,976	15,745	11,717
BEEF OFFAL			
China	5,479	3,372	2,069
Hong Kong	13,686	8,863	3,314
TOTAL	19,165	12,235	5,383
Source: FAS, USDA			
f:\shared\lotus\lvstk\meatoffl			

CHINA RETAIL BEEF PRICES (RMB/KG, US\$ 1=8.27)									
	2001				2002				Change 01/02
Provinces	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jun-Jun
NAT'L AVG 1/	13.13	11.40	13.10	13.71	14.21	14.25			25.02%
Beijing	13.00	12.20	13.60	13.45	13.04	12.80			4.92%
Tianjin	13.54	n/a	12.00	13.80	14.00	12.67			n/a
Hebei	12.14	12.11	12.72	12.75	12.92	13.11			8.26%
Shanxi	14.25	13.62	12.74	12.79	13.47	14.00			2.79%
Inner Mongolia	12.25	12.86	12.75	12.50	14.25	13.63			5.99%
Liaoning	13.89	13.79	13.92	14.10	14.31	14.84			7.61%
Jilin	13.20	13.90	13.90	13.80	14.10	14.90			7.19%
Heilongjiang	n/a	14.00	14.00	14.00	13.00	14.12			0.86%
Shanghai	18.60	18.00	13.90	18.67	20.67	20.53			14.06%
Jiangsu	13.37	12.36	10.72	13.80	13.48	13.19			6.72%
Zhejiang	15.72	14.92	15.33	15.75	17.45	16.44			10.19%
Anhui	11.58	12.00	11.84	12.90	14.02	13.06			8.83%
Fujian	15.48	14.84	14.93	15.30	16.45	16.31			9.91%
Jiangxi	12.97	12.50	13.21	13.59	13.83	13.75			10.00%
Shandong	12.36	12.32	12.00	12.98	13.26	13.27			7.71%
Henan	12.30	12.09	12.50	12.91	13.12	14.09			16.54%
Hubei	11.89	12.18	11.90	11.78	12.21	12.21			0.25%
Hunan	12.69	12.58	12.25	12.73	14.11	12.39			-1.51%
Guangdong	17.63	16.50	16.56	17.19	17.63	17.31			4.91%
Guangxi	n/a	11.50	11.27	11.84	12.38	12.29			6.87%
Hainan	14.00	15.50	14.00	15.00	14.50	15.00			-3.23%
Sichuan	10.11	10.56	10.70	11.89	12.10	12.15			15.06%
Guizhou	10.80	11.75	12.00	11.24	12.56	12.99			10.55%
Yunan	14.06	13.71	13.94	13.78	14.64	14.59			6.42%
Tibet	n/a	n/a	n/a	n/a	n/a	n/a			n/a
Shaanxi	12.30	12.40	13.00	13.00	14.00	14.25			14.92%
Gansu	13.25	13.30	13.30	13.63	13.65	15.15			13.91%
Qinghai	12.20	n/a	10.68	12.50	14.33	14.75			n/a
Ningxia	12.50	n/a	14.80	14.50	13.50	14.00			n/a
Xinjiang	15.25	n/a	16.21	16.75	16.30	16.21			n/a
Chongqing	10.90	10.51	12.24	12.34	13.03	13.57			29.12%
Source: The Ministry of Agriculture (MOA)									
1/ The national average prices are based on the average price of all the counties selected for sampling surveys.									
(f:\shared\lotus\lvstk\cattlebf\bfprc.wk4)									

Tariffs on Cattle and Beef, Effective January 1, 2002					
		General	MFN	V.A.T. 1/	Effective Rate
					(mfn+vat)
Cattle, Breeding	0102.1000	0%	0%	13%	13.0%
Cattle, Other	0102.9000	30%	10%	13%	24.3%
Beef, Fresh or chilled					
carcass & half-carcass	0201.1000	70%	30%	13%	46.9%
other cuts with bone s	0201.2000	70%	25.2%	13%	41.5%
boneless	0201.3000	70%	25.2%	13%	41.5%
Beef, Frzn					
carcass & half-carcass	0202.1000	70%	33%	13%	50.3%
other cuts with bones	0202.2000	70%	25.2%	13%	41.5%
boneless	0202.3000	70%	25.2%	13%	41.5%
Source: China Customs					

Tariffs on Beef, Offal Effective January 1, 2002					
		General	MFN	V.A.T.	Effective Rate
					(mfn+vat)
Fresh/Chilled Beef Offal	0206.1000	70%	15.2%	13%	30.2%
Frozen Tongue	0206.2100	70%	15.2%	13%	30.2%
Frozen Livers	0206.2200	70%	15.2%	13%	30.2%
Frozen Beef Offal (ex/tongue&liver)	0206.2900	70%	15.2%	13%	30.2%
Source: China Customs					

## Swine and Pork

### Production

The swine industry is currently facing a slight slowdown. Hog prices have dropped in recent months and the feeling is that supply may be outstripping demand. Margins have been helped over the past nine months by lower feed costs particularly for corn, however protein prices have increased recently. Government analysts feel that the industry is in the low point of a three-year cycle. Production cycles in China are a faint reflection of those in developed economies, and the current slowdown really only means that the rates of inventory expansion need to be adjusted from 2-3 percent per year to perhaps 1-2 percent for the next year. For the longer term, the experience of recent years has led producers to believe that the market's development has now reached a point where it will never return to the rapid 5-10 percent annual growth that was typical of the 1990's.

The average size of farms is also changing in the industry. Although small "backyard" operations still account for well over half the total swine population, larger operations are becoming more prevalent. The change is not so much a leap to large western-style commercial operations, although these can be found particularly in southern China. The most dynamic sector instead consists of what Government analysts call "specialized household" operations. These typically produce 100 to 1,000 head per year for slaughter and as the name implies are operated by a single family. Typically these operations are relatively near large population centers and members of the household often have other jobs in the non-agricultural sector. Such operations are relatively easy to finance and probably can be expected over time to grow and consolidate into large operations. They now account for one-quarter to one-third of all swine production in China.

### Consumption

Certainly pork consumption is growing in China at a steady pace, however it is not growing as quickly as other meats. From 1996 to 2001, pork's percent of total meat production fell from 69 to 66 percent. Not a dramatic drop but a significant one that should continue for the foreseeable future. Wealthier Chinese consumers are looking for greater diversity in their meat consumption and the western sector offers less support for pork sales. Sausages for breakfast let alone sausages served in fast food restaurant for breakfast have not found the popularity in China that hamburgers and fried chicken have.

### Trade

Some pork trade has been interrupted by quarantine restrictions. China appears to be practicing stricter entry requirement for pork imports from Europe after the EU shut off most Chinese livestock and aquatic exports due to concerns about drug residues in Chinese products. However, as in previous years, a comparison of Chinese and U.S. statistics reveals that importers continue to evade quarantine restrictions by representing product as U.S. origin. This takes advantage of a more open import protocol for meat, which the United States negotiated with China in connection with WTO entry.

These quarantine restrictions are causing some restrictions on cuts that cannot be cheaply obtained from the United States like pigs ear, but it appears that overall pork and pork offal imports still will be at or slightly above last year's levels. Traders do not put the lack of stronger growth to quarantine restrictions, as much as they do to a relatively weak domestic market. This should continue through 2003 as domestic supply continues to outstrip a relatively slow-growing demand in China.

For the major pork tariff codes, the tariff declined at the beginning of 2002 from 20 to 15.2 percent. The tariff will eventually fall to 12 percent by 2004. The impact of this change has been small. Most traders in fact are not even aware there was a change. Indeed customs districts still have collection targets they need to meet and higher valuations and tighter restrictions on under-invoicing can quickly compensate for this relatively small drop in tariffs.

Chinese trade statistics imply a shift from pork offal to pork muscle meat imports. It appears this is more a question of re-classification by customs officials than a real shift in product mix. Chinese officials tend to classify pigs feet differently than other countries by grouping them with hams and shoulders. This year's data tend to indicate they have no intention of becoming more consistent with common practice in other countries.

This year, as has been the case historically, almost all imports are offal that is not popular in Western developed countries and thus commands a premium in China compared to its country of origin. This pork offal market should continue and imports in 2003 should match 2002 levels. However this year's relatively weak market indicates that Chinese demand for offal is not unlimited.

Traders have brought in a very small amount of muscle meat cuts from the United States and sold it at a much higher cost than domestic meat. However, this appears to be primarily a marketing device trading off the U.S. reputation for quality in general. It is not a trend that is expected to expand greatly. In the long run the Chinese swine industry seems more than able to meet all of its domestic pork muscle meat demand.

Indeed given China's location and cheap labor supplies, the potential for Chinese pork exports is great. However, because of China's disease situation most markets are closed to chilled or frozen products, although some markets in Asia accept limited cooked pork imports. The Chinese Government talks of regionalization to make exports possible, but it appears that significant access from major Asian markets is 5 or 10 years off at least.

Singapore and Hong Kong allow Chinese chilled and frozen pork imports. However China's most important market by far is Russia. Russia only opened in the middle of last year. Already, even though Russian officials closed the market for a couple of weeks this spring, Chinese statistics indicate that increased Russian exports will lead to nearly a 3-fold increase in total 2002 exports as compared to 2000. However, overall exports still account for far less than 1 percent of total production.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
TOTAL Beginning Stocks	446815	446815	455000	457430	463000	464000
Sow Beginning Stocks	36500	36500	37250	37250	0	37800
Production (Pig Crop)	565000	562952	575000	574367	0	585797
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	3	3	3	0	3
TOTAL Imports	3	3	3	3	0	3
TOTAL SUPPLY	1011818	1009770	1030003	1031800	463000	1049800
Intra EC Exports	0	0	0	0	0	0
Other Exports	1973	1973	2000	1800	0	1800
TOTAL Exports	1973	1973	2000	1800	0	1800
Sow Slaughter	0	0	0	0	0	0
OTHER SLAUGHTER	553818	549367	564000	565000	0	577000
Total Slaughter	553818	549367	564000	565000	0	577000
Loss	1027	1000	1003	1000	0	1000
Ending Inventories	455000	457430	463000	464000	0	470000
TOTAL DISTRIBUTION	1011818	1009770	1030003	1031800	0	1049800
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	China, Peoples Republic of					
Commodity	Meat, Swine				(1000 MT CWE)(1000 HEAD)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Slaughter (Reference)	553818	549367	564000	565000	0	577000
Beginning Stocks	0	0	0	0	0	0
Production	42400	41845	43200	43000	0	44100
Intra EC Imports	0	0	0	0	0	0
Other Imports	64	122	70	125	0	120
TOTAL Imports	64	122	70	125	0	120
TOTAL SUPPLY	42464	41967	43270	43125	0	44220
Intra EC Exports	0	0	0	0	0	0
Other Exports	139	110	125	150	0	150
TOTAL Exports	139	110	125	150	0	150
Human Dom. Consumption	42325	41857	43145	42975	0	44070
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	42325	41857	43145	42975	0	44070
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	42464	41967	43270	43125	0	44220
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0



China's Pork Imports by Origin (Metric Tons)				
Country	1999	2000	2001	2002
				(Thru June)
United States	8,207	23,225	39,558	56,106
Canada	12,826	25,535	22,207	15,637
Denmark	12,148	32,355	17,731	102
Belgium	978	1,515	6,731	28
Netherlands	12,152	38,351	3,527	8
France	1,858	3,005	2,400	24
United Kingdom	9,158	10,627	95	25
Others	1,094	1,527	2,025	
TOTAL	58,421	136,140	94,274	71,930
Source: China Statistics HS Codes: 0203.1110, 0203.1190, 0203.1200, 0203.1900, 0203.2110, 0203.2190, 0203.2200 and 0203.2900 (f:\shared\lotus\lvstk\swinepk\fcfpkimp.wk4)				

China's Pork Offal Imports by Origin (Metric Tons on Production Base)			
SOURCE	2000	2001	2002
			(Thru June)
United States	44,214	39,944	25,494
Canada	10,936	20,734	5,573
Denmark	15,068	25,446	1,829
France	5,692	3,823	1,176
Netherlands	18,905	8,949	935
Belgium	1,640	7,447	425
United Kingdom	3,689	51	0
Others	982	3,248	26
TOTAL	101,126	109,642	35,458
Source: China Customs HS Codes: 0206.3000, 0206.4100 and 0206.4900 (f:\shared\lotus\lvstk\pkoffal.wk4)			

China's Fresh, Chilled and Frozen Pork Export by Destination				
(Metric Tons)				
Destination	1999	2000	2001	2002
				(Thru June)
Russia	11,306	1,913	26,481	35,453
Hong Kong	35,689	40,881	51,067	27,668
Korea, DPR	635	885	5,076	6,539
Singapore	2,746	5,538	11,276	4,118
Macau	1,986	2,043	2,098	1,114
Bulgaria	0	639	3,609	227
Others	1,381	862	3,602	2,524
TOTAL	53,743	52,761	103,209	77,643
Source: China Customs				
HS Codes: 0203.1110, 0203.1190, 0203.1200, 0203.1900, 0203.2110, 0203.2190, 0203.2200 and 0203.2900				
(f:\shared\lotus\lvstk\swinepk\fcfpexds.wk4)				

U.S. EXPORTS OF PORK & PORK OFFAL, TO CHINA ( U.S. Customs Data)			
(December - November, Metric Tons)			
	2000	2001	2002
PORK			(Through June)
China	3,149	5,162	3,108
Hong Kong	14,851	7,879	3,879
TOTAL	18,000	13,041	6,986
PORK OFFAL			
China	871	6,609	3,052
Hong Kong	13,649	23,696	9,078
TOTAL	14,520	30,305	12,130
Source: FAS, USDA			
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U.S. EXPORTS OF PORK & PORK OFFAL TO CHINA ( U.S. Customs Data)			
(December (preceding year) - November, Metric Tons)			
	2000	2001	2002
PORK			(Dec-June)
China	3,149	5,138	4,370
Hong Kong	14,851	7,822	4,652
TOTAL	18,000	12,960	9,022
PORK OFFAL			
China	871	6,609	4,821
Hong Kong	13,649	23,648	11,353
TOTAL	14,520	30,257	16,174
Source: FAS, USDA			
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CHINA RETAIL HOG PRICES									
	2001				2002				Change 01/02
PROVINCE	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jun-Jun
AVERAGE 1/	6.24	5.64	6.27	6.28	5.99	5.70			0.92%
Beijing	7.60	6.60	7.08	6.50	6.10	6.36			-3.64%
Tianjin	7.60	n/a	6.43	6.45	5.70	5.93			n/a
Hebei	5.99	5.67	5.95	5.75	5.10	5.36			-5.47%
Shanxi	6.05	5.38	6.30	6.34	5.48	5.47			1.67%
Inner Mongolia	6.34	6.20	6.33	6.76	7.04	5.84			-5.81%
Liaoning	6.07	5.45	5.97	6.31	5.28	5.30			-2.75%
Jilin	6.03	5.45	5.98	6.54	5.21	5.34			-2.02%
Heilongjiang	6.50	5.80	6.00	6.20	6.20	5.45			-6.03%
Shanghai	7.38	7.15	6.90	7.10	6.63	6.45			-9.79%
Jiangsu	5.77	5.13	6.85	5.46	5.24	4.85			-5.46%
Zhejiang	6.72	5.97	6.35	6.32	6.19	5.69			-4.69%
Anhui	6.26	5.80	6.04	5.88	5.86	5.08			-12.41%
Fujian	7.11	6.67	6.64	6.58	6.55	6.22			-6.75%
Jiangxi	6.65	6.10	6.14	6.06	6.09	5.42			-11.15%
Shandong	5.80	5.28	5.80	5.86	5.26	5.27			-0.19%
Henan	5.93	5.40	5.62	5.52	5.12	5.04			-6.67%
Hubei	6.00	5.70	5.73	5.76	5.54	4.97			-12.81%
Hunan	6.23	5.99	6.03	5.99	5.90	5.40			-9.85%
Guangdong	7.98	7.13	7.00	6.88	6.89	6.68			-6.31%
Guangxi	n/a	5.46	5.59	5.61	5.72	5.64			3.30%
Hainan	7.77	7.45	7.10	7.38	7.38	7.00			-6.04%
Sichuan	5.27	5.13	5.67	5.85	5.68	5.34			4.09%
Guizhou	5.67	5.93	5.80	5.82	5.92	5.69			-4.05%
Yunan	5.19	4.81	5.41	5.84	5.61	5.57			15.80%
Tibet	n/a	n/a	n/a	n/a	n/a	n/a			n/a
Shaanxi	5.55	5.47	5.95	6.07	6.00	5.45			-0.37%
Gansu	6.15	6.38	6.53	6.48	5.90	5.35			-16.14%
Qinghai	7.90	n/a	9.00	8.00	7.90	7.75			n/a
Ningxia	6.00	n/a	6.16	6.20	5.40	5.60			n/a
Xinjiang	7.56	n/a	6.80	7.60	7.22	6.40			n/a
Chongqing	5.14	4.89	5.09	5.44	5.52	4.97			1.64%
Source: The Ministry of Agriculture (MOA)									
1/ The national average prices are based on the average price of all the counties selected for sampling surveys.									
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CHINA RETAIL PORK PRICES (RMB/KG, US\$1=8.27)									
	2001				2002				Change 01/02
Provinces	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jun-Jun
NAT'L AVG 1/	10.71	10.04	10.81	10.60	10.32	9.97			-0.79%
Beijing	10.00	9.05	10.56	10.30	9.72	10.33			14.14%
Tianjin	12.00	n/a	11.00	11.75	11.85	10.33			n/a
Hebei	10.86	10.11	10.62	10.37	9.04	9.11			-9.89%
Shanxi	10.61	8.83	9.72	10.26	9.51	8.90			0.79%
Inner Mongolia	10.51	9.79	10.00	10.55	10.11	9.34			-4.60%
Liaoning	10.19	9.71	10.16	10.67	9.55	9.62			-0.93%
Jilin	10.40	9.73	10.14	11.04	10.04	9.30			-4.42%
Heilongjiang	9.50	9.00	9.80	10.00	10.00	8.83			-1.89%
Shanghai	14.00	13.75	12.85	12.65	12.50	13.00			-5.45%
Jiangsu	10.69	9.95	11.03	10.26	10.18	9.84			-1.11%
Zhejiang	10.26	10.13	10.48	10.86	10.51	9.76			-3.65%
Anhui	13.04	10.34	10.87	11.01	11.11	9.93			-3.97%
Fujian	11.20	10.47	10.96	10.04	10.11	10.07			-3.82%
Jiangxi	12.34	10.42	12.45	11.16	10.23	9.97			-4.32%
Shandong	10.49	9.73	10.00	10.42	9.86	9.79			0.62%
Henan	10.37	9.64	10.00	9.78	9.32	9.02			-6.43%
Hubei	11.48	11.07	17.76	11.39	11.19	10.41			-5.96%
Hunan	10.71	10.45	10.13	9.88	10.26	9.53			-8.80%
Guangdong	12.05	11.61	11.56	11.38	11.58	11.14			-4.05%
Guangxi	n/a	20.38	10.59	10.39	10.78	9.81			-51.86%
Hainan	9.67	9.88	9.33	9.75	9.50	9.50			-3.85%
Sichuan	9.11	9.20	10.33	10.15	10.29	9.61			4.46%
Guizhou	9.33	9.80	10.53	9.42	9.68	9.38			-4.29%
Yunan	9.27	8.88	9.47	10.08	9.74	9.66			8.78%
Tibet	n/a	n/a	n/a	n/a	n/a	n/a			n/a
Shaanxi	9.23	9.07	10.13	11.13	9.95	9.00			-0.77%
Gansu	10.69	10.84	10.85	10.88	9.96	9.41			-13.19%
Qinghai	12.17	n/a	11.75	12.31	11.75	10.75			n/a
Ningxia	7.40	n/a	7.12	7.20	7.50	11.50			n/a
Xinjiang	11.75	n/a	13.07	12.86	13.60	12.21			n/a
Chongqing	10.08	9.37	11.00	10.17	10.33	9.91			5.76%
Source: The Ministry of Agriculture (MOA)									
1/ The national average prices are based on the average price of all the counties selected for sampling surveys.									
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CHINA RETAIL PIGLET PRICES (RMB/KG, US\$1=8.27)									
	2001				2002				Change 01/02
PROVINCES	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jun-Jun
AVERAGE 1/	9.54	7.87	8.58	8.77	8.95	8.04			2.22%
Beijing	5.00	8.30	7.36	8.80	8.64	9.76			17.59%
Tianjin	9.62	n/a	8.87	7.00	7.67	7.57			n/a
Hebei	7.60	7.64	7.96	6.85	6.65	6.54			-14.40%
Shanxi	13.05	7.67	9.89	10.22	10.04	9.50			23.86%
Inner Mongolia	15.20	12.89	9.00	12.50	14.87	11.72			-9.08%
Liaoning	9.80	7.75	8.35	8.15	8.37	8.65			11.61%
Jilin	8.44	8.10	7.87	8.42	9.12	8.26			1.98%
Heilongjiang	6.30	7.40	7.50	8.00	7.60	8.80			18.92%
Shanghai	9.20	9.05	8.95	9.00	8.35	8.03			-11.27%
Jiangsu	6.23	5.44	6.31	5.57	6.25	4.63			-14.89%
Zhejiang	7.49	7.18	7.13	6.62	6.71	6.13			-14.62%
Anhui	7.98	7.13	8.16	7.08	7.34	5.29			-25.81%
Fujian	8.80	7.96	8.28	9.08	8.41	6.44			-19.10%
Jiangxi	9.85	8.74	8.70	7.48	7.39	6.08			-30.43%
Shandong	6.41	5.90	7.20	6.33	5.85	5.35			-9.32%
Henan	8.82	7.25	7.73	7.47	6.75	6.35			-12.41%
Hubei	12.26	10.43	10.31	9.44	10.73	7.72			-25.98%
Hunan	10.63	9.98	9.68	9.05	8.27	7.32			-26.65%
Guangdong	8.92	8.57	7.99	7.81	8.10	7.46			-12.95%
Guangxi	n/a	6.56	6.91	5.77	5.96	5.62			-14.33%
Hainan	8.63	8.93	7.13	8.58	8.60	8.93			0.00%
Sichuan	7.21	6.95	7.51	7.53	7.81	7.34			5.61%
Guizhou	6.97	6.15	6.63	7.17	7.64	7.11			15.61%
Yunan	8.04	7.13	7.21	8.05	8.33	8.34			16.97%
Tibet	n/a	n/a	n/a	n/a	n/a	n/a			n/a
Shaanxi	10.04	9.92	10.52	9.00	10.87	11.07			11.59%
Gansu	11.42	12.32	12.00	11.63	13.08	11.59			-5.93%
Qinghai	11.38	n/a	10.50	11.67	14.75	12.25			n/a
Ningxia	13.50	n/a	15.80	16.50	13.50	10.00			n/a
Xinjiang	12.07	n/a	8.71	14.50	12.50	10.57			n/a
Chongqing	7.68	7.06	7.32	7.71	8.34	6.83			-3.26%
Source: The Ministry of Agriculture (MOA)									
1/ The national average prices are based on the average price of all the counties selected for sampling surveys.									
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Tariffs on Hogs and Pork, Effective January 1, 2002					
					Effective
		General	MFN	V.A.T.	Rate
					(mfn+vat)
Swine, Breeding	0103.1000	0%	0%	13%	13.0%
Swine, Other	0103.9110	50%	10%	13%	24.3%
	0103.9120	50%	10%	13%	24.3%
	0103.9200	50%	10%	13%	24.3%
Pork, Fresh or Chilled					
sucking pig	0203.1110	70%	20%	13%	35.6%
other	0203.1190	70%	20%	13%	35.6%
hams, shoulders and cuts thereof, with bones	0203.1200	70%	20%	13%	35.6%
other	0203.1900	70%	20%	13%	35.6%
Pork, Frozen					
sucking pig	0203.2110	70%	15.2%	13%	30.2%
other	0203.2190	70%	15.2%	13%	30.2%
hams, shoulders and cuts thereof, with bones	0203.2200	70%	15.2%	13%	30.2%
	0203.2900	70%	15.2%	13%	30.2%
Source: China Customs					

Tariffs on Pork Offal Effective January 1, 2002					
					Effective
		General	MFN	V.A.T.	Rate
					(mfn+vat)
Fresh or Chilled Pork Offal	0206.3000	70%	20.0%	13%	35.6%
Livers, Frozen	0206.4100	70%	20.0%	13%	35.6%
Frozen Pork Offal ( excluding livers)	0206.4900	70%	15.2%	13%	30.2%
Source: China Customs					